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## Australia

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### Foreign Investment in Australian Agricultural Land

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**Report Highlights:**

Australia will revise its scrutiny of foreign purchases of agricultural land by reducing the monetary screening threshold applied to foreign investment acquisitions from A\$252 million to A\$15 million from March 2015. This threshold will apply to the cumulative value of agricultural land owned by the foreign investor. U.S. foreign investments in Australian agricultural land will not be affected by the reduced threshold because of the United States-Australia Free Trade Agreement. Future investments made by U.S. non-government investors will be subject to inclusion on the proposed foreign ownership register of agricultural land.

## Overview

In February 2015, the Australian Government announced changes to the way in which international investments in agricultural land are reviewed and monitored. Prime Minister Abbott stated that the changes were intended to make foreign investment more transparent and in the national interest. Australia will revise its scrutiny of foreign purchases of agricultural land by reducing the monetary screening threshold applied to foreign investment acquisitions. These acquisitions are reviewed by the Foreign Investment Review Board ([FIRB](#)), a non-statutory body established to advise the Treasurer on Australia's Foreign Investment Policy. The FIRB applies national interest-based criteria for foreign investment screening. An overview of Australia's general approach to foreign investment and international economic engagement is available [here](#).

As part of this new approach, Australia will reduce the FIRB screening threshold from A\$252 million to A\$15 million from March 2015. This threshold will apply to the cumulative value of agricultural land owned by the foreign investor. For foreign government investors, no changes are proposed to Australia's policy of requiring approval for all direct investments and for all acquisitions of interests in land.

In addition, the Government indicated the FIRB threshold changes were “to improve the scrutiny of foreign purchases of agricultural land” in response to community and industry concern over the apparent lack of reliable data on the extent of foreign ownership and the possibilities that foreign investment thresholds were too high and many acquisitions were not monitored. The policy [announcement](#) stated that:

- The Government will reduce the screening threshold from A\$252 million to A\$15 million from March 2015, on a cumulative basis. The Government will also establish a foreign ownership register of agricultural land to strengthen reporting requirements and provide a clear picture of foreign investment in Australia's agricultural sector.
- From July 2015 the Australian Taxation Office (ATO) will collect information on all new foreign investment in agricultural land regardless of value. It will prepare a stock take of existing agricultural land ownership by foreign interests using sources such as land title transfer information from State and Territory governments.

The policy announcement followed a number of earlier reviews. On October 21, 2014, the Australian Government released a Green [Paper](#) on Agricultural Competitiveness, with a number of proposals affecting agribusiness in Australia. The paper proposed lowering the threshold for notification and approval of foreign acquisitions to A\$15 million for agricultural land and A\$53 million for agricultural businesses.

## Foreign Ownership Register

According to the GOA, the purpose of the register is “to strengthen reporting requirements and provide a clear picture of foreign investment in Australia's agricultural sector”. From July 2015, the Australian Tax Office (ATO) will begin collecting information on all new foreign investment in agricultural land regardless of value. The ATO will also undertake a stock-take of existing agricultural land ownership by

foreign interests. The changes are partly a response to a Senate Standing Committee on Rural and Regional Affairs and Transport [inquiry](#) in 2013, which recommended the lower threshold of A\$15 million.

Under the previous regime, state-owned enterprises (SOEs) such as sovereign wealth funds were already required to notify and gain approval from the FIRB for acquisition of agricultural land in Australia, regardless of its use. They also had to notify and gain approval from the FIRB for all agribusiness proposals. Other foreign investors had only to notify the FIRB if they intended to buy land, actively use the land for farming and if the value of the “business” (the land and the farming operation) exceeded A\$252 million. Under the new regime, SOEs will still have to apply for approval of all foreign investment in Australia, including acquisitions of agricultural land.

U.S. foreign investments in Australian agricultural land will not be affected by the reduced threshold for foreign investment. Future investments made by U.S. non-government investors will be included in a foreign ownership register of agricultural land and a survey of new foreign investment by the ATO. These surveys will be collected on a confidential basis.

### **Linkages between Foreign Investment Policy and Australia’s Free Trade Agreements**

The reduced screening threshold for foreign investment in agricultural land does not affect U.S. investments because of the provisions of the United States-Australia Free Trade Agreement. The current FIRB screening [threshold](#) for U.S. non-government investors remains A\$1.094 billion and is indexed each year. The same A\$1.094 billion FIRB screening threshold applies for investors from Chile and New Zealand under the provisions of their FTAs with Australia. Investors from Singapore and Thailand have a A\$50 million threshold, as specified under their bilateral FTAs with Australia. The new A\$15 million threshold for purchases of agricultural land will apply to all other investors, including investors from China, Japan and South Korea. as their FTAs with Australia which were concluded in 2014 accepted this threshold for foreign investment in agricultural land.

### **The Extent of Foreign Ownership of Australian Agricultural Land**

Currently, companies from the United States, Canada and the United Kingdom are the largest foreign investors in Australian agricultural land, according to the [Australian Bureau of Statistics](#) (ABS) which conducted a survey of agricultural land and water ownership in 2013. The ABS survey found that 87.5 percent of farmland was wholly Australian-owned in 2013 and that this share varied by State and Territory, with the Northern Territory registering about 69 percent, compared with the States of Victoria and NSW at 97 percent.

**Table 1: Agricultural land by level of foreign ownership, 2013 (million hectares, %)**

	Australian owned farmland	Partly or wholly foreign owned farmland	Share of foreign owned (%)
NSW	58.3	0.8	1.4
Victoria	11.1	0.3	2.7
Queensland	122.0	9.6	7.9
South Australia	44.5	0.3	0.7
Western Australia	79.5	3.6	0.5
Tasmania	1.9	..	..
Northern Territory	38.1	13.6	35.7
Australia	350.2	49.6	14.2

*Note:* Residual of unknown ownership accounts for up to two percent of total.

*Source:* Australian Bureau of Statistics (2013), *Agricultural Land and Water Ownership Survey*, June.

**Table 2: Approved foreign investment in Australian agriculture and mining, 2005-2013**

Year	Total approved investment (A\$ billion)	Investment in agriculture (A\$ billion)	Share of agriculture (%)	Investment in mining (A\$ billion)	Share of mining (%)
2005-06	85.8	..	0.0	46.9	54.7
2006-07	156.4	..	0.1	35.9	23.0
2007-08	191.9	2.5	1.3	64.5	33.6
2008-09	166.7	2.8	1.7	92.4	55.4
2009-10	140.0	2.3	1.7	82.0	58.8
2010-11	176.7	1.4	0.8	54.5	32.5
2011-12	170.0	3.6	2.1	51.9	30.5
2012-13	117.3	2.9	2.5	43.7	37.3

*Note:* FIRB statistics refer only to proposed investment which is indicated in applications for approval. This investment may not actually occur or may be spread out over a number of years.

*Source:* FIRB [Annual Reports](#), various years, FIRB, Canberra.

**Table 3: Agricultural businesses in Australia by foreign ownership, share of number (%), 2013**

Industry sector	Australian owned	Foreign owned (a)
Nursery and floriculture	97.5	1.3
Mushroom and vegetable production	97.5	0.5
Fruit and nut growing	97.3	1.9
Grape growing	95.7	3.9
Sheep, beef cattle and grain farming	99.1	0.4
Beef cattle feedlots	94.2	5.8
Other crop growing	98.8	0.5
Dairy cattle farming	99.5	0.5
Poultry farming	97.5	1.3
Deer and other livestock	99.0	0.4
All other industries	98.8	0.9
<b>Total</b>	<b>98.9</b>	<b>0.6</b>

*Note:* Residual of unknown ownership accounts for up to two percent of total.

*Source:* Australian Bureau of Statistics (2013), Agricultural Land and Water Ownership Survey, June.

**Table 4: Agricultural businesses by foreign ownership, share of agricultural land (%), 2013**

Industry sector	Australian owned	Foreign owned (a)
Nursery and floriculture	95.4	1.5
Mushroom and vegetable production	98.1	1.4
Fruit and nut growing	97.6	2.3
Grape growing	86.5	13.2
Sheep, beef cattle and grain farming	87.0	13.0
Beef cattle feedlots	99.2	0.8
Other crop growing	90.4	9.3
Dairy cattle farming	97.5	2.4
Poultry farming	98.2	1.5
Deer and other livestock	97.7	2.2
All other industries	93.9	6.0
<b>Total</b>	<b>87.5</b>	<b>12.4</b>

*Note:* Residual of unknown ownership accounts for up to two percent of total.

*Source:* Australian Bureau of Statistics (2013), [Agricultural Land and Water Ownership Survey](#), June.